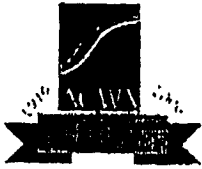


CALIFORNIA
Business/Labor/Water Leaders Coalition
 PROMOTING INVESTMENT IN CALIFORNIA'S WATER FUTURE

May 16, 2000



The Honorable Bruce Babbitt
 U.S. Department of Interior
 18th and C Streets, N.W.
 Washington, DC 20240

BAY AREA COUNCIL

Dear Secretary Babbitt:



We do not claim to be experts in the law or in the science that underpins your decisions. However we have seen the results of those decisions and we don't have to be experts to find those results deeply troubling. Over the past nine months, significant segments of the industries we represent have been threatened with or have experienced disruptions in the quality and adequacy of their water supplies. The Silicon Valley, for example, depends on consistently high quality water for its manufacturing processes. Regulatory decisions over the past year have threatened sudden changes in that area's water quality, causing concern in the high tech industry over the continued viability of its water supply.



After six consecutive wet years, and with reservoirs at capacity, it is simply unacceptable that our trillion-dollar state economy has been so jeopardized. We are concerned that there isn't a full appreciation at the federal level that such impacts will be far more severe in the next dry period.



**CALIFORNIA
 CHAMBER OF
 COMMERCE**

California State Council of Laborers
 Legislative Department



We have followed with great interest the CALFED Bay-Delta process. As Californians, we are vitally concerned with its outcome since our jobs, our businesses, a growing population and our environment are all dependent upon the wise management of our water supplies. We are keenly aware that there is less water available for our economy than there was a decade ago, due primarily to regulatory reallocations. Despite this fact, we are convinced that with balanced decision-making and vision, California has enough water to produce both a healthy environment and a robust economy.



We had high hopes that CALFED would produce a balanced package. Unfortunately, the current preferred alternative falls short of producing the kind of plan that is necessary to assure the adequate supplies of reliable, healthy, affordable water supplies that California needs.



We understand that high level officials from your department and the Davis administration have been meeting to further develop a CALFED package. In our view, these discussions offer the last, best hope for CALFED. If these talks fail to produce an acceptable package, CALFED itself will likely not succeed.

C/O ASSOCIATION OF CALIFORNIA WATER AGENCIES • 910 K STREET • SUITE 100 • SACRAMENTO, CA • 95814-3514
 916.441.4545 • FAX 916.325.2316 • WWW.AQWANET.COM

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Secretary Bruce Babbitt
May 16, 2000
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Representatives from our organizations recently met with California Governor Gray Davis to thank him for his leadership on California water issues and to tell him what we think the CALFED package must contain in order to succeed. We outline those same thoughts below for your consideration.

Stated simply, the CALFED plan must deliver on two promises:

First, there must be immediate investment in the water infrastructure necessary to accommodate California's growing population, and variable weather patterns. We are encouraged to hear that new surface and groundwater storage and enlargement of existing reservoirs are part of the current discussions. Improved conveyance across the Delta must also be part of the plan that is adopted, along with revised regulation of water transfers and continued commitment to water conservation and reclamation. With the leadership of Governor Davis and a broad-based coalition, we passed Proposition 13 in March, providing a healthy and much needed \$2 billion down payment on those investments. We look for a similar financial commitment at the federal level, along with commitments by federal regulatory agencies to provide the necessary project approvals.

Second, there must be more flexibility in the regulation of water diversions, particularly at the federal level. We understand there is disagreement in your discussions with the State over the flexibility that can be exercised in interpreting and implementing federal laws. For this process to succeed, it is critical that implementation of environmental laws be based on sound, verifiable science.

Mr. Secretary, there has never been a better opportunity to produce a proposal that will assure both a healthy environment and a healthy economy. You have jurisdiction over two of the country's most powerful environmental laws in the Endangered Species Act and the Central Valley Project Improvement Act. The challenge is to implement them without drying up California's economy.

We stand ready to assist and support you and Governor Davis as you put together the CALFED package. In return, we ask for the opportunity to provide meaningful input to you and your staff, and that you assemble a plan that addresses our concerns.

Sincerely,

See Signatories

Business/Labor/Water Leaders

• Association of California Water Agencies • Bay Area Council • California Building Industry Association
• California Business Properties Association • California Chamber of Commerce • California State
Council of Laborers • Orange County Business Council • Silicon Valley Manufacturing Group

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Stephen K. Hall
Executive Director
Association of California Water Agencies

Robert T. Parry
Co-Chair
Bay Area Council Water Policy Committee
President & CEO
Federal Reserve Bank of San Francisco

Richard M. Rosenberg
Co-Chair
Bay Area Council Water Policy Committee
Chairman & CEO, Retired
BankAmerica Corporation

T. Gary Rogers
Immediate Past-Chairman
Bay Area Council
Chairman & CEO
Dreyer's Grand Ice Cream, Inc.

Sunne Wright McPeak
President & CEO
Bay Area Council

Robert H. Rivinius
CEO
California Building Industry Association

Rex S. Hime
President & CEO
California Business Properties Association

Allan Zaremborg
President
California Chamber of Commerce

Chuck Center
Director
California State Council of Laborers

Stan Oftelie
President and CEO
Orange County Business Council

Carl Guardino
President & CEO
Silicon Valley Manufacturing Group

cc: California Governor Gray Davis
President Clinton
Vice President Albert Gore, Jr.
California Congressional Delegation
California State Legislature